

The activities of EDC have been limited to insurance dealings on Canadian product destined to South Korea. In 1986 EDC insured Canadian exports valued at Cdn \$18.9 million.

4.5 Banking and Finance

As of February 28, 1987, Korea had received 85 bank loans and eight International Development Agency (IDA) credits, totalling Cdn \$6.1 billion in loans and Cdn \$115.6 million in credits (taking into account cancellations and the refinancing of one IDA credit in a subsequent bank loan). Progress on project implementation is generally satisfactory. Despite some recent delays, Korea's disbursement rate remains the highest among major bank borrowers in East Asia.

The current pipeline of projects in the lending program for Korea reflects an evolution in the bank's strategy from lending for individually distinct projects concerned with microinstitutional issues to making loans which are increasingly aimed at addressing more broadly based policy and institutional issues. This gradual change in the bank's lending approach, made possible by relatively sophisticated Korean institutions, is proceeding well. Sector loans have already been made for highways, education and industrial finance. The bank has also made two Structural Adjustment Loans (SAL's), which complement this approach by concentrating on issues that have a multisectoral impact.

In 1984, the bank undertook an agricultural sector survey in Korea, which recommended that government should stimulate non-farm employment in rural areas, reduce its overall intervention in the sector and adopt a broader and longer-term view of agricultural problems. A fourth credit project, which was approved in May 1985, will promote agricultural development through financing private sector investments covering a wide range of agricultural production and development issues of the National Agricultural Cooperative Federation (NACF), the main credit institution serving agriculture.

The bank group has been involved in helping to meet the requirements for skilled technical manpower, a precondition of industrial diversification. The bank's first sector loan for education, approved in 1980, aimed at improving engineering and management education and technician training. A second sector loan, approved in May 1984, supports measures designed to improve qualitative aspects of secondary and high-level science and technology education.

The bank has played a major role in assisting the government to modernize and expand the transport system through lending for railroad, highway construction and improvement and port expansion. The highway sector loan approved in 1984, as well as future operations, would address